Structural Reforms

(1) The Legislature shall introduce and the Governor shall sign a bill that repeals Act No. 80 of May 30, 1976 (the "Bill") on or before June 27, 2018, which shall become effective on or before January 1, 2019. The Bill shall be presented to the FOMB prior to its introduction in the Legislature so that the FOMB can confirm that it is consistent with the fiscal plan. The Bill cannot increase the mandatory benefits for private sector employees (e.g., no increase in vacation days, sick days, sick leave, mandated paid leave, Christmas bonus, or minimum wage) or otherwise undermine the goals or intent of the labor reform as provided in Chapter 7 of the New Fiscal Plan. The Bill shall state that, for the avoidance of doubt, an employee hired for an indefinite period of time does not have a cause of action against their employer merely for the employer's termination of the employment relation.

(2) As provided in Chapter 7 of the New Fiscal Plan, PAN participants that are able-bodied and aged 18-59 must be subject to a work requirement which must become effective after the individual has collected PAN benefits for three months. The work requirement may be satisfied with 80 hours per month of paid work, volunteer work, and/or qualified training and education. The only exceptions to this work requirement are those under the age of 18, over the age of 60, those with dependents under the age of 18, and those who are certified by a medical doctor as physically or mentally unfit for any employment. Moreover, a qualified third-party analytical firm retained by the Government and acceptable to the FOMB must validate that these requirements are being fully implemented. This third party will share equal information about its work with both the Government and FOMB.

(3) In addition to the Ease of Doing Business reforms provided in Chapter 8 of the New Fiscal Plan, the Government will also take targeted steps to improve Puerto Rico's ranking in the "Trading Across Borders" indicator by FY2023, with the goal of closing the gap with the mainland U.S. by at least 50% from its 2018 ranking, i.e., move from 64 to at least 50.

Fiscal Measures (consistent with PROMESA, all will be revisited annually to confirm compliance with the then-applicable fiscal plan)

(1) Reinvestment as provided in Chapter 11 of the New Fiscal Plan will be undone (but for the education-specific reinvestment in teacher salaries and new textbooks). In its place, the Government may spend up to a total of $345 million over FY2019-2023 in reform implementation and economic development initiatives in the following categories/agencies: Digital Reform (CIO/PRITS), Procurement (Office of CFO), Ease of Doing Business (DDEC), CRRO, P3, and Infrastructure projects (PRIFA/Fortaleza). The Government must provide specific dollar amounts for each category/agency for each year of FY2019-2023 by May 25, 2018.

(2) Agency efficiencies as provided in Chapter 13 of the New Fiscal Plan will be modified such that the rightsizing applied to the Legislature and Federal Affairs Office and Resident Commissioner are undone throughout FY2019-2023 and the rightsizing applied to the Judiciary is reduced by half each year throughout FY2019-2023. The elimination of the Christmas bonus

for public employees will be undone through FY2019-2023. The Government will consider renaming the Christmas bonus to remove the word “bonus” and replace with the word “stipend”.

(3) Reductions in subsidies and appropriations as provided in Chapter 17 of the New Fiscal Plan will be modified such that a municipality economic development fund will be created and funded with $50 million per year through FY2019-2023 and UPR will receive an additional $25 million per year throughout FY2019-2023, provided that the additional funds that UPR receives must be allocated for means-tested scholarships for students.

(4) Tax law initiatives as provided in Chapter 15 of the New Fiscal Plan will be modified such that the enforcement language in 15.4.3 is removed. The requirement that any tax reform remain revenue neutral, however, is unchanged.

(5) The Government may allocate to UPR up to an additional $40 million per year throughout FY2019-2023, provided that the additional funds that UPR receives must be allocated for means-tested scholarships for students, and provided further that any additional money allocated to UPR pursuant to this subsection reduces dollar-for-dollar the amount the Government spends over FY2019-2023 in reform implementation and economic development initiatives (which is currently a total of $345 million) or comes from the rightsizing savings applied to the Judiciary (which is currently a total of $80 million).